




**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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AUDITOR-CONTROLLER

October 12, 2004

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **DEPARTMENT OF COMMUNITY AND SENIOR SERVICES' FISCAL  
YEAR 2002-2003 AND 2003-2004 FISCAL MONITORING OF PROJECT  
PHOENIX PROGRAM SERVICE PROVIDERS**

At the request of the Department of Community and Senior Services (DCSS or Department), we engaged Simpson & Simpson, Certified Public Accountants (Simpson), to conduct fiscal monitoring of 10 contractors that provided re-employment and training services to individuals impacted, either directly or indirectly, by the September 11 events under the Project Phoenix Program during Fiscal Years 2002-03 and 2003-04.

**REVIEW SUMMARY**

Simpson completed their fiscal monitoring reviews and separately reported the results of their monitoring reviews for the 10 service providers. Simpson noted the following significant findings.

- Five (50%) of the 10 contractors billed \$58,071 in expenditures that exceeded their contract budget.
- Five (50%) of the 10 contractors billed \$45,639 in expenditures that were not supported by appropriate documentation.
- Four (40%) of 10 contractors spent \$14,984 in discretionary expenditures that DCSS did not approve.

*"To Enrich Lives Through Effective and Caring Service"*

- Six (60%) of the 10 contractors submitted late funding requisitions and close out reports.
- Two (20%) of the 10 contractors did not comply with the Auditor-Controller Contract Accounting and Administration Handbook.

Attachment I is a summary of Simpson's significant findings by provider.

### **REVIEW OF REPORT**

Simpson made a total of 25 recommendations of which 13 were implemented to Simpson's satisfaction at the time they completed their follow-up reviews. The 12 outstanding recommendations pertained to deficiencies related to fiscal issues and contract compliance. DCSS indicated that they have resolved three (25%) of the 12 outstanding recommendations with the service providers and will continue working with the providers to resolve the remaining recommendations. DCSS management indicated that they will issue a detailed response within 30 days on the status of all recommendations including amounts collected.

Simpson's management letter, attached, did not note any issues related to DCSS' administration of the Project Phoenix Program.

All reports were discussed with DCSS and the service providers. Because of the number of service providers, copies of individual reports are not enclosed, but are available for your review.

Please call me or have your staff call Don Chadwick at (626) 293-1102 if you wish to review any reports.

JTM:MO:EB

### **Attachments**

C: David E. Janssen, Chief Administrative Officer  
Department of Community and Senior Services  
Cynthia D. Banks, Chief Deputy  
Carol Domingo, Head, Quality Assurance Fiscal Accountability Unit  
Violet Varona-Lukens, Executive Officer  
Public Information Office  
Audit Committee

**Department of Community and Senior Services  
Monitoring of Project Phoenix Service Providers  
Summary of Significant Findings**

**Attachment I**

No.	Provider	No. Of Recommendations	Phase I Findings ( see footnotes)				
			(a)	(b)	( c )	(d)	(e)
1	Southeast Area Social Services Funding Authority	4		\$ 652	\$ 9,694	√	
2	Career Planning Center - Marina del Rey	1				√	
3	East San Gabriel Valley Consortium dba LA Works	3	\$ 270	\$ 23,435		√	
4	South Central Los Angeles Urban League	2	\$ 24,370				
5	City of Pomona Los Angeles Urban League	2	\$ 8,249	\$ 3,071			
6	ACS State and Local Solutions	1			\$ 325		
7	Antelope Valley Workforce Development Consortium	0					
8	Jewish Vocational Services	3	(1)			√	√
9	Compton CareerLink	5	\$ 12,750	\$ 19,233	\$ 2,142	√	
10	Hub Cities Consortium	4		\$ 11,680	\$ 2,823	√	√
	<b>Total</b>	<b>25</b>	<b>\$ 45,639</b>	<b>\$ 58,071</b>	<b>\$ 14,984</b>		

**Findings**

- (a) Did not have adequate supporting documentation for program expenditures.
- (b) Expenditures exceed contract budget.
- (c) Unapproved discretionary expenditures.
- (d) Monthly invoice submitted late.
- (e) Non-compliant with A-C Handbook.

**Comments**

- (1) Simpson did not identify questioned costs.



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In planning and performing our fiscal monitoring of the Project Phoenix service providers for the Department of Community and Senior Services (CSS) for the 2003-2004 program year, we noted no matters involving CSS' internal control structure relating to accounting and contract administration that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report Project Phoenix fiscal transactions.

However, the scope of our engagement was limited to monitoring Project Phoenix service providers and did not include considering and providing assurance on CSS' internal control structure. Such monitoring would not disclose all matters in CSS' internal control structure that might be reportable conditions under standards established by the American Institute of Certified Public Accountants.

This report is intended solely for the use of the County of Los Angeles.

Los Angeles, California  
June 15, 2004



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